

The Volkswagen Corporate Brand Challenge

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CNBC reported that Volkswagen stock fell over 20 percent on Monday September 21 2015, after it told U.S. dealers to halt sales of some 2015 diesel cars, following regulators' discovery that software designed for the vehicles gave false emissions data. The U.S. Environmental Protection Agency (EPA) stated that the software deceived regulators who measured toxic emissions, adding that Volkswagen could face fines of up to \$18 billion as a result. Such actions by one of the world's leading vehicle manufacturers, whether by design or not, can have a negative effect on the VW brand and hurt its reputation, at least in the eyes of some stakeholders.

One of the important strategic differentiators of organizations is their corporate brand. A brand is the promise it makes to stakeholders and reputation is the degree to which a company fulfills that promise. Your reputation is important among stakeholders because you need customers to be loyal to repeat purchase and recommend your brand. Policy makers and regulators should give you the benefit of the doubt, the media should support you, suppliers and other partners should provide you with high quality product, and your employees should be engaged to support you and be brand ambassadors.

Companies like Volkswagen must build their corporate brand by first building their identity. Corporate identity involves answering two questions, who are we and what are we? Corporate identity thus involves strategic choices by the organization's leaders which include the development of a set of values and a code of ethics. Identity also involves the expression of identity. This involves the development of the brand promise, visual identity elements like the corporate name, slogan, colors and symbols, and other forms of communication. It also involves developing the brand personality.

All of these elements lead stakeholders to form impressions about Volkswagen.

1. *Is it a mistake on VW's part or was it deliberate deception?*
2. *Will the brand be hurt in the short or long term?*
3. *Who is responsible for an incident like this?*
4. *What has VW got to do now to recover its reputation?*

Whatever happens, this recall seems to be very serious for VW.

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